

Date: November 5, 2013

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Kevin Dick, Director, Office of Economic and Workforce Development
Jason Wimmer, Adult Employment Program Coordinator
Subject: Sixth Amendment to the City of Durham and General Management Solutions, Inc. Contract to provide Workforce Investment Act (WIA) Dislocated Worker services

Executive Summary

This memorandum outlines a recommendation to amend the contract between the City of Durham and General Management Solutions, Inc. (GMSI) from October 1, 2013 through March 31, 2014 and increase the amount of the contract by \$200,000 to provide Workforce Investment Act (WIA) Dislocated Worker services for 60-85 WIA eligible dislocated workers including the Work Experience services for 35-50 dislocated workers from within the North Carolina Institute of Minority Economic Development (NCIMED) pilot telecommunications and energy training program. GMSI will sub-contract to NCIMED as employer of record for the Work Experiences (WEX) opportunities within the pilot telecommunications and energy training program.

Recommendation

The Office of Economic and Workforce Development (OEWD) recommends that City Council authorize the City Manager to execute a sixth contract amendment to the original contract with General Management Solutions, Inc., increasing the original contract amount by \$200,000 in order to provide additional Dislocated Worker (DW) services and Work Experience (WEX) training services for a total contract amount not to exceed \$3,356,227.

Background

As a result of the Request for Proposals (RFP) that closed on May 20, 2010, the Durham Workforce Development Board (DWDB) at their July 29, 2010 board meeting, unanimously approved the WIA Adult Review Panel and DWDB Executive Committee's recommendation that GMSI be awarded a (new) contract to operate the adult program, from October 1, 2010 to September 30, 2011, in an amount not to exceed \$825,000, renewable annually for up to two additional years based on performance and funding availability.

Service Delivery and Performance

GMSI was awarded the contract to provide employment and training services for WIA eligible adults and dislocated workers that included:

- Case Management
- Determination of eligibility to receive assistance under the Title I-B of the Workforce Investment Act.
- Outreach, intake, and orientation to the information and other services available through the one-stop delivery system.

- Initial assessment of skill levels, aptitudes, abilities and supportive service needs
- Labor market information
- Intensive Services as defined by WIA regulations
- Referrals to other intensive, supportive and WIA training services, as needed;
- Job referral and placement assistance; and
- Follow-up services after exit for participants in employment in need of additional assistance to retain employment.

The current contract with General Management Solutions, Inc. is for \$3,156,227 and expires March 31, 2014. This contract resulted from the RFP that was released in May 2010 and awarded to GMSI in July 2010; amended in May, 2011 (First Contract Amendment) to award GMSI an additional \$90,000 in state WIA On-the-Job Training (OJT) funds to provide up to 25 participants OJT services; amended October, 2011 (Second Contract Amendment) to award GMSI an additional \$815,227 in WIA funds to renew (year two of three) their operations of the Adult & Dislocated Worker program through September 2012; further amended in May, 2012 (Third Contract Amendment) to award GMSI an additional \$190,000 in state OJT funds to provide an additional 25-50 participants with OJT services, amended October, 2013 (Fourth Contract Amendment) to award GMSI an additional \$741,000 in WIA funds to renew (year three of three) their operations of the Adult & Dislocated Worker program through September 2013, and further amended (Fifth Contract Amendment) to award GMSI an additional \$305,000 in WIA funds and to extend their operations of the Adult & Dislocated Worker program through March 2013 and award an additional \$190,000 in state WIA On-the-Job Training (OJT) funds to provide up to 25-50 participants OJT services.

Issues and Analysis

The recent reduction in unemployment insurance from 26 weeks to a maximum of 20 weeks and the more recent reduction in Food Stamp benefits will potentially increase the number of unemployed actively seeking employment and the need for quicker employment opportunities for those unemployed. The DWDB has taken steps in the design of the program delivery to offer more short-term training opportunities.

Due to the reduction of the Durham Workforce Development Board's formula allocation by \$191,076 for fiscal year 2013 allocated by the State of North Carolina, the Durham Workforce Development Board applied for and received on October 10, 2013, Dislocated Worker Contingency Funds for the purpose of providing additional short-term occupational skills trainings.

In addition, the NC Department of Commerce Division of Workforce Solutions awarded a one-year Telecommunications and Energy Jobs Training Pilot Demonstration grant to the Durham Workforce Development Board. The City of Durham contracted with NCIMED to serve as the grant's sub-recipient/project manager. NCIMED will facilitate services to 50 adult and dislocated workers who reside in Durham. Of the 50 participants that will be served, 30 will receive training in the Broadband Telecommunications sector; 10 will receive training for the Commercial Driver's License Class A for Duke Energy linesman positions; and 10 will receive specialized training in various other positions at Duke Energy. The training for the linesman ends on December 10, 2013, but Duke Energy only recruits for these positions two times a year (August and April). The recruitment timeframe creates a 4 month gap where participants could receive experience making them more marketable in the field.

The WEX opportunity will provide essential work training/experience for the eligible dislocated worker participants at industry-based employers. Given the fact that most participants are unemployed and others have expired/expiring UI benefits, the majority have little to no sources of income. The WEX program will serve in a dual capacity by providing some means of income and by allowing the participants to receive hands-on training in the telecommunications and/or energy sectors.

GMSI has partnered with approved training providers of the WIA Adult (AW) and Dislocated Worker (DW) program to provide training opportunities that lead to employment. From 2011-2013 GMSI provided the Bootcamp style short-term occupational training to 174 participants with employment attained by 101 or 58%. The trainings are used to overcome skill deficiency barriers to attaining job placement. The outcome or placement can be recorded after trainings are completed and the individual exits the program.

Table 1. WIA Adult Training Facilitated from 2011-2013

* note (OJT is a hire and training opportunity, Work Experience is not a hire.)

| Service Type | Participants | Graduated/Completed | Employed |
|---|---------------------|----------------------------|-----------------|
| ITA | 39 | 29 | 23 |
| WEX | 19 | 15 | 7 |
| Note: WEX Employed based on first day thru first Quarter after completing WEX | | | |
| OJT | 43 | 34 | 33 |
| Bootcamp | 174 | 174 | 101 |

GMSI's work in recruiting participants; providing sound and rational individual service strategies; and providing comprehensive guidance and counseling, supportive services, occupational skills training and referrals; has helped the region meet the following performance outcomes (based upon the Workforce Investment Act Common Measures see Table 2.)

Table 2. Final PY12 State Common Measure Performance for persons exiting 4/1/11-9/30/12

| Common Measure | Performance Goal | Actual Performance | Variance % to Performance Goal |
|------------------------------|------------------|--------------------|--------------------------------|
| Entered Employment Rate-AW | 67.40% | 76.92% | 114.13% |
| Entered Employment Rate-DW | 70.10% | 76.25% | 108.77% |
| Employment Retention Rate-AW | 83% | 85.45% | 102.96% |
| Employment Retention Rate-DW | 86.30% | 89.55% | 103.77% |
| Avg. Earnings – AW | \$11,900.00 | \$13,547.87 | 113.85% |
| Avg. Earnings - DW | \$15,574.10 | \$15,476.62 | 99.37% |

Funding Considerations

- The current contract with General Management Solutions, Inc. is for \$3,356,227 and expires March 30, 2013. This contract resulted from the RFP that was released in May 2010 and awarded to GMSI in July 2010; renewable annually up to two additional years based upon performance and funding availability and extended at the request of the State of North Carolina for 6 additional months (October- March 2013)
- DWDB is recommending increasing the amount of the contract by \$200,000 to provide 60-85 WIA eligible Dislocated Workers with Work Experience (WEX) and short-term training services from December 2, 2013 to March 30, 2014.
- OEWD is currently reviewing responses to the RFP released during the summer of 2013, and anticipates identifying a contractor to operate the Adult and Dislocated Worker program following the expiration of this contract extension (set to expire March 30, 2014).

Alternatives

The City Council could elect not to approve the contract amendment or to reduce the amount of the proposed contract amendment with GMSI which could result in fewer WEX and short-term occupational training services provided to WIA eligible dislocated workers and/or result in less individuals being served under this contract extension from October 1, 2013 – March 30, 2014.

Financial Impact

GMSI would be approved for payments of up to \$3,356,227. Funds for this contract will have no impact on the City of Durham General Fund. Funds for this contract are paid with WIA Adult and Dislocated Worker dollars that are received by OEWD from the United States Department of Labor through the North Carolina Department of Commerce *Division of Workforce Solutions* to the City and the DWDB.

SDBE Summary

An SDBE summary is inapplicable because no project-specific goals have been set and no SDBEs are involved in this item.

Attachments

Sixth Contract Amendment with General Management Solutions Inc. to Provide WIA Dislocated Worker Services containing ten pages.